Background

Atul Ltd (the Company) is a public company limited by shares, incorporated and domiciled in India. Its registered office is located at Atul House, G I Patel Marg, Ahmedabad 380 014, Gujarat, India and its principal place of business is located at Atul, Gujarat, India.

The Company is in the business of Life Science Chemicals and Performance and Other Chemicals and caters to the needs of varied industries such as Adhesives, Agriculture, Animal Feed, Automobile, Composite, Construction, Cosmetic, Defence, Dyestuff, Electrical and Electronics, Flavour, Food, Footwear, Fragrance, Glass, Home Care, Horticulture, Hospitality, Paint and Coatings, Paper, Personal Care, Pharmaceutical, Plastic, Rubber, Soap and Detergent, Sport and Leisure, Textile, Tyre and Wind Energy across the world.

Note 1 Significant Accounting Policies

This Note provides a list of the significant Accounting Policies adopted by the Company in preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation:

i) Compliance with Ind AS:

The Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act as amended.

ii) Historical cost convention:

The Financial Statements have been prepared on a historical cost basis except for the following:

a) Certain financial assets and liabilities (including derivative instruments): measured at fair value

b) Defined benefit plans: plan assets measured at fair value

c) Biological assets: measured at fair value less cost to sell

iii) Recent accounting pronouncements:

Standards issued, but not yet effective:

Appendix B to Ind AS 21, 'Foreign currency transactions and advance consideration': On March 28, 2018, the Ministry of Corporate Affairs (the MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will be effective from April 01, 2018. The Company has evaluated the effect of this on the Financial Statements and the impact is not material.

Ind AS 115, 'Revenue from Contracts with Customers': On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers of the Company.

The standard permits two possible methods of transaction:

a) Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.

b) Retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application (Cumulative catch–up approach)

The effective date of adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

The Company will adopt the standard on April 01, 2018 by using the cumulative catch-up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. No material impact of Ind AS 115 is expected.

Note 1 Significant Accounting Policies (continued)

b) Foreign currency transactions:

i) Functional and presentation currency:

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('functional currency'). The Financial Statements of the Company are presented in Indian currency (₹), which is also the functional and presentation currency of the Company.

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain | (loss) resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss except that they are deferred in equity if they relate to qualifying cash flow hedges. Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs. All other foreign exchange gain |(loss) are presented in the Statement of Profit and Loss on a net basis within other income | (expense).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain | (loss).

c) Revenue recognition:

i) Timing of recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods, the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the activities of the Company. This generally happens upon dispatch of the goods to customers, except for export sales which are recognised when significant risk and rewards are transferred to the buyer as per the terms of contract. Revenue from services is recognised in the accounting period in which the services are rendered.

Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established; it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

ii) Measurement of revenue:

Revenue is measured at the fair value of the consideration received or receivable, after the deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the Government which are levied on sales such as goods and services tax, value added tax, etc. Revenue includes excise duty as it is paid on production and is a liability of the manufacturer, irrespective of whether the goods are sold or not. Discounts given include rebates, price reductions and other incentives given to customers. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed to be present as sales are made with a credit term which is consistent with market practice.

d) Income taxes:

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. The Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Note 1 Significant Accounting Policies (continued)

Minimum Alternate Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid will be recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. Such an asset is reviewed at each Balance Sheet date.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred tax liabilities are not recognised if they arise from the initial recognition of Goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit | (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

e) Government grants:

i) Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

ii) Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss in proportion to depreciation over the expected lives of the related assets and presented within other income.

iii) Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

f) Leases:

As a lessee:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate expected inflationary cost increases for the lessor.

As a lessor:

Income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Balance Sheet based on their nature. Leases of property, plant and equipment where the Company as a lessor has substantially transferred all the risks and rewards are classified as finance lease. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rent receivables, net of interest income, are included in other financial assets. Each lease receipt is allocated between the asset and interest income. The interest income is recognised in the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the asset for each period.

Under combined lease agreements, land and building are assessed individually. Lease rental attributable to the operating lease are charged to the Statement of Profit and Loss as lease income whereas lease income attributable to finance lease is recognised as finance lease receivable and recognised on the basis of effective interest rate.

g) Property, plant and equipment:

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly

Note 1 Significant Accounting Policies (continued)

attributable to the acquisition of the items. Acquisition cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the carrying amount of asset or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred. Gains or losses arising on retirement or disposal of assets are recognised in the Statement of Profit and Loss.

Fruit bearing plants qualify as bearer plants under Ind AS 16. Expenditure incurred on cultivation of plantations up to the date they become capable of bearing fruit are accumulated under Bearer plant under development (Immature) and then capitalised as a Bearer plant (Mature) to be amortised | depreciated over their estimated useful life.

The plantation destroyed due to calamity, disease or any other reasons whether capitalised as Bearer plant (Mature) or being carried under Bearer plant under development (Immature) are charged off to the Statement of Profit and Loss.

Spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as 'Capital work-in-progress'.

Depreciation methods, estimated useful lives and residual value:

Depreciation is provided on the straight-line method to allocate the cost of assets, net of their residual values, over their estimated useful lives.

Depreciation is calculated on a pro-rata basis from the date of acquisition | installation till the date the assets are sold or disposed of:

Asset category	Estimated useful life
Buildings	30 to 60 years
Plant and equipment[1]	6 to 20 years
Vehicles[1]	6 to 10 years
Office equipment and furniture	5 to 10 years
Roads	5 years
Bearer plants[1]	40 years

[1] The useful lives have been determined based on technical evaluation done by the Management experts which are different from the useful life prescribed in Part C of Schedule II to the Act, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The residual values, useful lives and method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Land accounted under finance lease is amortised on a straight-line basis over the period of lease.

The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

h) Intangible assets:

Computer software includes enterprise resource planning project and other cost relating to such software which provides significant future economic benefits. These costs comprise license fees and cost of system integration services.

Development expenditure qualifying as an intangible asset, if any, is capitalised, to be amortised over the economic life of the product | patent.

Computer software cost is amortised over a period of 3 years using the straight-line method.

i) Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not in use by the Company, is classified as investment property. Land held for a currently undetermined future use is also classified as an investment

Note 1 Significant Accounting Policies (continued)

property. Investment property is measured at its acquisition cost, including related transaction costs and where applicable, borrowing costs.

j) Impairment of assets:

The carrying amount of assets are reviewed at each Balance Sheet date to assess if there is any indication of impairment based on internal | external factors. An impairment loss on such assessment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of the assets is net selling price or value in use, whichever is higher. While assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital. A previously recognised impairment loss is further provided or reversed depending on changes in the circumstances and to the extent that carrying amount of the assets does not exceed the carrying amount that will be determined if no impairment loss had previously been recognised.

k) Cash and cash equivalents:

Cash and cash equivalents include cash in hand, demand deposits with bank and other short-term (3 months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

l) Trade receivables:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the Effective Interest Rate (EIR) method, less provision for impairment based on expected credit loss.

m) Trade and other payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

n) Inventories:

Inventories (other than harvested product of biological assets) are stated at cost or net realisable value, whichever is lower. Cost is determined on moving weighted average basis.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to the present location and condition. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material, but excludes borrowing costs.

Due allowances are made for slow moving and obsolete inventories based on estimates made by the Company.

Items such as spare parts, stand-by equipment and servicing equipment which are not plant and machinery get classified as inventory.

The harvested product of biological assets of the Company that is oil palm Fresh Fruit Bunch (FFB) is initially measured at fair value less costs to sell on the point of harvest and subsequently measured at the lower of such value or net realisable value.

o) Investments and other financial assets:

Classification:

The Company classifies its financial assets in the following measurement categories:

i) Those to be measured subsequently at fair value (either through Other Comprehensive Income, or through profit or loss)

ii) Those measured at amortised cost

The classification depends on business model of the Company for managing financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or Other Comprehensive Income.

Note 1 Significant Accounting Policies (continued)

For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

Initial recognition and measurement:

Financial asset is recognised when the Company becomes a party to the contractual provisions of the instrument. Financial asset is recognised initially at fair value plus, in the case of financial asset not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Subsequent measurement:

After initial recognition, financial asset is measured at:

i) fair value {either through Other Comprehensive Income (FVOCI) or through profit or loss (FVPL)} or,

ii) amortised cost.

Debt instruments:

Subsequent measurement of debt instruments depends on the business model of the Company for managing the asset and the cash flow characteristics of the asset. There are 3 measurement categories into which the Company classifies its debt instruments:

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any, the amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

Measured at fair value through Other Comprehensive Income (OCI):

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through Other Comprehensive Income. Fair value movements are recognised in the OCI. Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain | (loss) previously recognised in OCI is reclassified from the equity to other income in the Statement of Profit and Loss.

Measured at fair value through profit or loss:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as other income in the Statement of Profit and Loss.

Equity instruments:

The Company subsequently measures all investments in equity instruments other than subsidiary companies, associate company and joint venture company at fair value. The Management of the Company has elected to present fair value gains and losses on such equity investments in Other Comprehensive Income, and there is no subsequent reclassification of these fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investments in subsidiary companies, associate company and joint venture company:

Investments in subsidiary companies, associate company and joint venture company are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiary companies, associate company and joint venture company, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

Note 1 Significant Accounting Policies (continued)

Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 27.8 details how the Company determines whether there has been a significant increase in credit risk.

For trade and lease receivable only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of such receivables.

Derecognition:

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset, the asset expire or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised through Statement of Profit and Loss or Other Comprehensive Income as applicable. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities:

i) Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

ii) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value.

iii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

iv) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

p) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

q) Derivatives and hedging activities:

The Company holds derivative financial instruments such as foreign exchange forward, interest rate swaps, currency swaps and currency options to mitigate the risk of changes in exchange rates or interest rate. The counterparty for these contracts is generally a bank.

i) Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated, but is ineffective as per Ind AS 109, is categorised as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the Statement of Profit and Loss, when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in other

Note 1 Significant Accounting Policies (continued)

income or other expenses. Assets | liabilities in this category are presented as current assets | current liabilities if they are either held for trading or are expected to be realised within 12 months after the Balance Sheet date.

ii) Cash flow hedge

The Company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on firm commitment and highly probable forecast transactions. It designates certain Interest rate swaps as cash flow hedge to mitigate the risk of foreign exchange exposure on variable interest loans.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain | (loss) on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain | (loss) previously recognised in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.

If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Statement of Profit and Loss.

r) Borrowings:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income | (expense).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

s) Borrowing costs:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

t) Biological assets:

The oil palm trees are bearer plants and are therefore presented and accounted for as property, plant and equipment. However, the oil palm Fresh Fruit Bunches (FFB) growing on the trees are accounted for as biological assets until the point of harvest. Harvested oil palm FFBs are transferred to inventory at fair value less costs to sell when harvested.

Biological assets are measured at fair value less cost to sell. Costs to sell include the incremental selling costs, including auction charges, commission paid to brokers and dealers and estimated costs of transport to the market, but excludes finance costs and income taxes.

Changes in fair value of oil palm FFB on trees are recognised in the Statement of Profit and Loss.

Measurement technique:

The fair value of growing oil palm FFB is determined using a discounted cash flow model based on the expected yield by plantation size, the market price for the produce | sampling and after allowing for harvesting costs, contributory asset charges for the land and bearer plants owned by the Company and other costs yet to be incurred in getting the fruit bunches to maturity or sampling ready for sale.

Note 1 Significant Accounting Policies (continued)

u) Provisions and contingent liabilities:

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. These are reviewed at each year end and reflect the best current estimate. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

v) Employee benefits:

Defined benefit plan:

Gratuity:

Gratuity liability is a defined benefit obligation and is computed on the basis of an actuarial valuation by an actuary appointed for the purpose as per projected unit credit method at the end of each financial year. The liability or asset recognised in the Balance Sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The liability so provided is paid to a Trust administered by the Company, which in turn invests in eligible securities to meet the liability as and when it accrues for payment in future. Any shortfall in the value of assets over the defined benefit obligation is recognised as a liability with a corresponding charge to the Statement of Profit and Loss.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows with reference to market yields at the end of the reporting period on Government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate at the beginning of the period to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur directly in Other Comprehensive Income. They are included in retained earnings in the Statement of changes in equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Provident Fund for certain eligible employees is managed by the Company through the 'Atul Products Ltd - Ankleshwar Division Employees Provident Fund Trust' in line with Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund authorities. The contributions by the employer and employees together with the interest accumulated thereon are payable to employees at the time of their retirement or separation from the Company, whichever is earlier. The benefits vest immediately on rendering of the services by the employee. Any shortfall in the value of assets over the defined benefit obligation is recognised as a liability, with a corresponding charge to the Statement of Profit and Loss.

Defined contribution plan:

Contributions to defined contribution schemes such as contribution to Provident Fund, Superannuation Fund, Employees' State Insurance Corporation, National Pension Scheme and Labours Welfare Fund are charged as an expense to the

Note 1 Significant Accounting Policies (continued)

Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees. The above benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Short-term employee benefits:

All employee benefits payable within 12 months of service such as salaries, wages, bonus, ex-gratia, medical benefits etc. are recognised in the year in which the employees render the related service and are presented as current employee benefit obligations. Termination benefits are recognised as an expense as and when incurred.

Short-term employee benefits are provided at undiscounted amount during the accounting period based on service rendered by employees. Compensation payable under Voluntary Retirement Scheme is being charged to the Statement of Profit and Loss in the year of settlement.

Other long-term employee benefits:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the Balance Sheet if the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

w) Research and Development expenditure:

Research and Development expenditure is charged to revenue under the natural heads of account in the year in which it is incurred. Research and Development expenditure on property, plant and equipment is treated in the same way as expenditure on other property, plant and equipment.

x) Earnings per share:

Earnings per share (EPS) is calculated by dividing the net profit or loss for the period attributable to Equity Shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the EPS is the net profit for the period and any attributable tax thereto for the period.

y) Contributed equity:

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Critical estimates and judgements

Preparation of the Financial Statements require use of accounting estimates which, by definition, will seldom equal the actual results. This Note provides an overview of the areas that involved a higher degree of judgements or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Financial Statements.

The areas involving critical estimates or judgements are:

i) Estimation of useful life of tangible assets: Note 1 (g)

ii) Estimation of defined benefit obligation: Note 27.6

iii) Fair value measurements: Note 27.7

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Note 2 Property, plant and equipment

(₹ cr)

Particulars	Land – freehold[1]	Land – leasehold[2]	Buildings[1,3]	Plant and equipment	Vehicles	Office equipment and furniture	Roads	Bearer plants	Total	Capital work-in-progress[4]
Gross carrying amount										
As at March 31, 2016	6.34	3.66	134.84	606.83	7.95	9.75	4.39	–	773.76	169.66
Additions	8.21	–	28.45	261.32	1.01	2.20	6.40	0.33	307.92	163.83
Other adjustments[5]	–	–	–	(0.07)	–	–	–	–	(0.07)	–
Disposal, transfer and adjustments	(0.59)	–	(0.01)	–	(0.79)	–	–	–	(1.39)	(296.50)
As at March 31, 2017	**13.96**	**3.66**	**163.28**	**868.08**	**8.17**	**11.95**	**10.79**	**0.33**	**1,080.22**	**36.99**
Additions	6.64	–	13.80	70.57	1.80	1.87	1.60	–	96.28	120.40
Other adjustments[5]	–	–	–	0.05	–	–	–	–	0.05	–
Disposal, transfer and adjustments	–	–	–	(0.84)	(2.75)	–	–	–	(3.59)	(87.83)
As at March 31, 2018	**20.60**	**3.66**	**177.08**	**937.86**	**7.22**	**13.82**	**12.39**	**0.33**	**1,172.96**	**69.56**
Depreciation | Amortisation										
Up to March 31, 2016	–	0.05	6.24	51.63	1.46	1.90	0.44	–	61.72	–
For the year	–	0.05	6.61	79.81	1.59	1.73	1.22	0.01	91.02	–
Disposal and adjustments	–	–	–	0.02	(0.22)	(0.01)	–	–	(0.21)	–
Up to March 31, 2017	**–**	**0.10**	**12.85**	**131.46**	**2.83**	**3.62**	**1.66**	**0.01**	**152.53**	**–**
For the year	–	0.05	7.44	92.01	1.34	1.63	2.29	0.01	104.77	–
Disposal and adjustments	–	–	–	(0.83)	(2.38)	–	–	–	(3.21)	–
Up to March 31, 2018	**–**	**0.15**	**20.29**	**222.64**	**1.79**	**5.25**	**3.95**	**0.02**	**254.09**	**–**
Net carrying amount										
As at March 31, 2017	13.96	3.56	150.43	736.62	5.34	8.33	9.13	0.32	927.69	36.99
As at March 31, 2018	**20.60**	**3.51**	**156.79**	**715.22**	**5.43**	**8.57**	**8.44**	**0.31**	**918.87**	**69.56**

Notes:

1 Pursuant to the order passed by The Honourable High Court of Gujarat, dated November 17, 2008 and April 17, 2009 in case of water charges, the Company has created first charge over its certain land and buildings in favour of Government of Gujarat and paid security deposit ₹ 2 cr (March 31, 2017: ₹ 2 cr).

2 Refer Note 27.12 (b) (ii) for disclosures where the Company is a lessee under a finance lease.

3 Includes premises on ownership basis ₹ 1.10 cr (March 31, 2017: ₹ 1.10 cr) and cost of fully paid share in co-operative society ₹ 2,000 (March 31, 2017: ₹ 2,000).

4 Capital work-in-progress mainly comprises addition | expansion projects in progress.

5 Exchange rate difference capitalised during current year ₹ 0.05 cr (Previous year: ₹ (0.07) cr).

6 Refer Note 15 for information on property, plant and equipment hypothecated | mortgaged as security by the Company.

7 Refer Note 27.2 for disclosure of contractual commitment for acquisition of property, plant and equipment.

(₹ cr)

Note 3 Investment properties	As at March 31, 2018	As at March 31, 2017
Land – freehold		
Gross carrying amount	3.22	3.22
Net carrying amount	**3.22**	**3.22**

a) Amount recognised in the Statement of Profit and Loss for investment properties:

The Company has classified parcels of freehold land held for a currently undeterminable future use as investment properties. There are no amounts pertaining to these investment properties recognised in the Statement of Profit and Loss, since the Company does not receive any rental income, incur any depreciation or other operating expenses.

b) The Company does not have any contractual obligations to purchase, construct or develop, for maintenance or enhancements of investment property.

c) Fair value:

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Investment properties	141.00	134.00
	141.00	**134.00**

Estimation of fair value

The Company obtains valuations from independent valuer for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the valuer considers information from a variety of sources including current prices in an active market for investment properties of different nature or recent prices of similar investment properties in less active markets, adjusted to reflect those differences.

All resulting fair value estimates for investment properties are included in level 3.

(₹ cr)

Note 4 Intangible assets	Computer software
Gross carrying amount	
As at March 31, 2016	**0.21**
As at March 31, 2017	**0.21**
As at March 31, 2018	**0.21**
Amortisation	
Up to March 31, 2016	**0.09**
Amortisation charged for the year	0.10
Up to March 31, 2017	**0.19**
Amortisation charged for the year	0.01
Up to March 31, 2018	**0.20**
Net carrying amount	
As at March 31, 2017	0.02
As at March 31, 2018	**0.01**

(₹ cr)

Note 5 Non-current investments	As at March 31, 2018	As at March 31, 2017
a) Investment in equity instruments of subsidiary companies measured at cost[1]	130.63	103.27
b) Investment in equity instruments of joint venture company measured at cost	6.13	6.13
c) Investment in equity instruments of other companies measured at FVOCI	452.32	415.06
d) Investment in preference shares of subsidiary companies at amortised cost	5.72	7.10
e) Investments in Government or Trust securities measured at amortised cost	0.01	0.01
	594.81	**531.57**

[1] Includes share application money

(₹ cr)

Note 5 Non-current investments (continued)	Face value	As at March 31, 2018 Number of shares		As at March 31, 2017 Number of shares	
a) Investment in equity instruments (fully paid-up)					
i) Subsidiary companies | Joint venture company | Associate company measured at cost					
Quoted					
In subsidiary company measured at cost[1, 2]					
Amal Ltd	10	4,12,453	18.16	4,12,453	18.16
Unquoted					
In foreign subsidiary companies measured at cost					
Atul Brasil Quimicos Ltda	R$ 1	7,04,711	2.03	7,04,711	2.03
Atul China Ltd	US$ 4,10,000	1	0.92	1	0.92
Atul Deutschland GmbH	€ 1,00,000	1	–	1	–
Atul Europe Ltd	£ 1	32,88,911	24.14	32,88,911	24.14
Atul Middle East FZ-LLC	AED 1,000	300	0.51	300	0.51
Atul USA Inc	US$ 1,000	2,000	6.29	2,000	6.29
In Indian subsidiary companies measured at cost					
Aasthan Dates Ltd	10	20,98,000	2.10	20,98,000	2.10
Anchor Adhesives Pvt Ltd	10	5,86,155	2.28	5,86,155	2.28
Atul Bioscience Ltd	10	1,08,40,050	12.57	1,08,40,050	12.57
Atul Biospace Ltd	10	1,05,69,839	11.62	84,63,349	8.82
Atul Finserv Ltd	100	20,83,971	36.81	12,25,533	12.26
	7	5,00,000	5.00	5,00,000	5.00
Atul Rajasthan Date Palms Ltd	1,000	30,001	3.00	30,001	3.00
Biyaban Agri Ltd	10	10,91,100	1.09	10,91,100	1.09
Raja Dates Ltd	10	40,95,500	4.10	40,95,500	4.10
In joint venture company measured at cost					
Rudolf Atul Chemicals Ltd	10	29,18,750	6.13	29,18,750	6.13
ii) Other companies measured at FVOCI					
Quoted					
Arvind SmartSpaces Ltd	10	4,12,747	7.58	4,12,747	3.58
Arvind Ltd	10	41,27,471	158.06	41,27,471	163.01
BASF India Ltd	10	2,61,396	50.28	2,61,396	35.83
ICICI Bank Ltd	2	1,09,026	3.03	99,115	2.74
Jain Irrigation Systems Ltd	2	4,000	0.04	4,000	0.04
Jain Irrigation Systems Ltd -DVR[3]	2	200		200	
Nagarjuna Fertilizers and Chemicals Ltd	1	34,650	0.05	34,650	0.07
Nagarjuna Oil Refinery Ltd	1	31,500	0.01	31,500	0.01
Novartis India Ltd	5	3,74,627	22.93	3,74,627	25.33
Pfizer Ltd	10	9,58,927	209.55	9,58,927	183.66
Unquoted					
Bharuch Enviro Infrasturcture Ltd	10	70,000	0.07	70,000	0.07
Narmada Clean Tech Ltd	10	7,15,272	0.72	7,15,272	0.72
Gujarat Synthwood Ltd[4]	10	4,00,000	–	4,00,000	–

(₹ cr)

Note 5 Non-current investments (continued)	Face value	As at March 31, 2018		As at March 31, 2017	
		Number of shares		Number of shares	
b) Investment in preference shares (fully paid-up)					
Subsidiary company measured at amortised cost[1,5]					
Unquoted					
Amal Ltd (0% Redeemable preference shares)	10	80,00,000	5.72	1,00,00,000	7.10
c) Investments in Government or Trust securities measured at amortised cost					
6 Years National Savings Certificates (deposited with the Government departments)		–	0.01	–	0.01
d) Share application money		–	0.01	–	–
			594.81		**531.57**

(₹ cr)

Particulars	Book value As at		Market value As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Quoted[2]	469.69	432.43	456.69	418.74
Unquoted	125.12	99.14	–	–
	594.81	**531.57**	**456.69**	**418.74**

[1] Associate company up to November 30, 2016

[2] Book value includes equity component of ₹ 18.12 cr (March 31. 2017: ₹ 18.12 cr) recognised on 0% preference shares and loans given to Amal Ltd carried at amortised cost

[3] Shares with differential voting rights (DVR) carrying value of ₹ 12,700 (March 31, 2017: ₹ 12,040)

[4] Under liquidation

[5] Previous year includes ₹ 1 cr due for redemption as on March 31, 2017

(₹ cr)

Note 6 Loans	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
a) Loan to subsidiary companies (refer Note 27.4 and 27.13)				
i) Secured, considered good	1.70	5.03	0.59	7.01
ii) Unsecured, considered good	0.34	–	4.59	–
	2.04	**5.03**	**5.18**	**7.01**

(₹ cr)

Note 7 Other financial assets	As at March 31, 2018 Current	As at March 31, 2018 Non-current	As at March 31, 2017 Current	As at March 31, 2017 Non-current
a) Security deposits for utilities and premises	0.37	0.73	0.41	2.86
b) Derivative financial assets – foreign exchange forward contracts	0.05	–	1.31	–
c) Finance lease receivable	–	1.25	–	1.38
d) Balance with banks in fixed deposits, with maturity beyond 12 months	–	0.50	–	0.41
e) Dividend receivable	17.38	–	15.93	–
f) Other receivables (including discount receivable, insurance receivable, etc)	14.14	–	7.47	–
	31.94	**2.48**	**25.12**	**4.65**

(₹ cr)

Note 8 Other assets	As at March 31, 2018 Current	As at March 31, 2018 Non-current	As at March 31, 2017 Current	As at March 31, 2017 Non-current
a) Balances with the Government authorities				
i) Taxes paid under protest	–	18.82	–	16.46
ii) VAT receivable	–	19.07	6.33	34.99
iii) GST receivable	76.89	–	–	–
iv) Balances with the statutory authorities	0.14	–	59.00	–
v) Deposit paid under protest	–	0.24	–	3.41
vi) Security deposit	–	2.00	–	2.00
b) Export incentive receivable	24.09	–	30.37	–
c) Capital advances	–	3.91	–	17.77
d) Advances				
i) Related Parties (refer Note 27.4)	0.55	–	–	–
ii) Others	25.03	–	25.02	–
e) Other receivables	0.98	–	0.78	–
	127.68	**44.04**	**121.50**	**74.63**

(₹ cr)

Note 9 Inventories*	As at March 31, 2018	As at March 31, 2017
a) Raw materials and packing materials	107.27	82.22
Add: Goods-in-transit	31.58	18.01
	138.85	100.23
b) Work-in-progress	99.11	112.76
c) Finished goods	97.54	112.03
d) Stock-in-trade	1.93	5.55
e) Stores, spares and fuel	31.69	30.27
Add: Goods-in-transit	9.83	7.05
	41.52	37.32
	378.95	**367.89**

* Valued at cost or net realisable value, whichever is lower.

Amounts recognised in the Statement of Profit and Loss:

Written-down value of inventories to net realisable value amounted to ₹ 6.85 cr (March 31, 2017: ₹ 6.21 cr). These were recognised as an expense during the year and included in cost of materials consumed, and changes in value of inventories of work-in-progress, stock-in-trade and finished goods in the Statement of Profit and Loss.

Notes to the Financial Statements

(₹ cr)

Note 10 Trade receivables	As at March 31, 2018		As at March 31, 2017	
a) Unsecured, considered good				
i) Trade receivables		579.84		413.46
ii) Related Parties (refer Note 27.4)		137.84		93.60
b) Unsecured, considered doubtful	2.60		3.16	
Less: Allowance for doubtful debts	2.60		3.16	
		–		–
		717.68		**507.06**

(₹ cr)

Note 11 Cash and cash equivalents	As at March 31, 2018	As at March 31, 2017
a) Balances with banks		
In current accounts	20.09	5.28
b) Cash on hand	0.10	0.10
	20.19	**5.38**

There are no repatriation restrictions with regard to cash and cash equivalents.

(₹ cr)

Note 12 Bank balances other than cash and cash equivalents above	As at March 31, 2018	As at March 31, 2017
a) Unclaimed dividend	1.94	1.71
b) Unclaimed interest on public deposit	0.01	0.02
c) Short-term bank deposit with maturity between 3 to 12 months	0.03	0.10
	1.98	**1.83**

(₹ cr)

Note 13 Equity share capital	As at March 31, 2018	As at March 31, 2017
Authorised		
8,00,00,000 (March 31, 2017: 8,00,00,000) equity shares of ₹ 10 each	80.00	80.00
	80.00	80.00
Issued		
2,96,91,780 (March 31, 2017: 2,96,91,780) equity shares of ₹ 10 each	29.69	29.69
	29.69	29.69
Subscribed		
2,96,61,733 (March 31, 2017: 2,96,61,733) equity shares of ₹ 10 each, fully paid	29.66	29.66
29,991 (March 31, 2017: 29,991) Add: Forfeited shares (amount paid-up)	0.02	0.02
	29.68	**29.68**

a) Rights, preferences and restrictions:

The Company has one class of shares referred to as equity shares having a par value of ₹ 10 each.

i) Equity shares:

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts and preference shares, if any. The distribution will be in proportion to the number of equity shares held by the Shareholders.

Each holder of equity shares is entitled to one vote per share.

ii) Dividend:

The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

b) Shares reserved for allotment at a later date:

56 equity shares are held in abeyance due to disputes at the time of earlier rights issues.

c) Details of Shareholders holding more than 5% of equity shares:

No.	Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
		Holding %	Number of Shares	Holding %	Number of Shares
1	Aagam Holdings Pvt Ltd	22.41%	66,50,000	22.41%	66,50,000
2	Aeon Investments Pvt Ltd	6.94%	20,60,817	6.79%	20,14,383

(₹ cr)

Note 14 Other equity		As at March 31, 2018	As at March 31, 2017
a)	Securities premium reserve	34.66	34.66
b)	General reserve	95.80	95.80
c)	Retained earnings		
	Balance as at the beginning of the year	1,397.04	1,145.10
	Add: Profit for the year	270.41	285.30
	Add: Remeasurement gain | (loss) on defined benefit plans	1.78	1.62
	Add: Transfer from OCI on disposal of FVOCI equity instruments	1.54	0.73
	Less: Dividend on equity shares for the year {2016-17: ₹ 10 per share, (2015-16: ₹ 10 per share)}	(29.66)	(29.66)
	Less: Dividend distribution tax on dividend	(3.63)	(6.05)
	Balance as at the end of the year	1,637.48	1,397.04
d)	Other reserves		
	i) FVOCI equity instruments		
	Balance as at the beginning of the year	364.11	287.50
	Add: equity instruments through Other Comprehensive Income (FVOCI)	37.32	77.34
	Less: Transfer to retained earnings on disposal of FVOCI equity instruments	(1.54)	(0.73)
	Balance as at the end of the year	399.89	364.11
	ii) Effective portion of cash flow hedges		
	Balance as at the beginning of the year	(0.47)	(0.59)
	Add: Effective portion of gain | (loss) on cash flow hedges	0.05	(0.72)
	Add: Deferred tax liability	(0.02)	0.25
	Less: Hedging gain | (loss) reclassified to Statement of Profit and Loss	0.47	0.59
	Balance as at the end of the year	0.03	(0.47)
		2,167.86	**1,891.14**

Nature and purpose of other reserves

a) Securities premium reserve

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) FVOCI - equity instruments

The Company has elected to recognise changes in the fair value of certain investments in equity securities in Other Comprehensive Income. These changes are accumulated within the FVOCI equity instruments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are de-recognised.

c) Cash flow hedging reserve

The Company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale and inventory purchases and interest rate risk associated with variable interest rate borrowings. For hedging foreign currency risk, the Company uses foreign currency forward contracts, foreign currency option contracts and Interest rate swaps. They are designated as cash flow hedges to the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedging reserve. Amounts recognised in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss (for example, sales and interest payments). When the forecast transaction results in the recognition of a non-financial asset (for example, inventory), the amount recognised in the cash flow hedging reserve is adjusted against the carrying amount of the non-financial asset.

(₹ cr)

Note 15 Borrowings	Maturity	Terms of repayment	Effective interest rate p.a.	As at March 31, 2018		As at March 31, 2017	
				Current	Non-current	Current	Non-current
a) Secured							
i) Rupee term loan from a foreign financial institution (refer Note a)	January, 2018	15 equal half yearly installments	6.99% – 7.46%	–	–	–	10.42
ii) Foreign currency term loans from banks (refer Note b and c)	September, 2017	12 equal quarterly installments	3 months LIBOR + 2.90%	–	–	–	10.81
iii) Working capital loans from banks (refer Note d)	1-6 months	Repayable on demand	2.43% – 10.40%	–	–	8.17	–
b) Unsecured							
i) Loan from banks including foreign banks	1-6 months	1-6 months	1.10%	–	–	51.87	–
ii) Commercial papers	1-3 months	1-3 months	6.50%	–	–	73.95	–
iii) Deposit from the Directors	1-12 months	1-12 months	6.50%[1]	0.01	–	0.01	–
				0.01	–	134.00	21.23
Amount of current maturities of long-term debt disclosed under the head 'Other financial liabilities' (refer Note 16)				–	–	–	(21.23)
				0.01	**–**	**134.00**	**–**

[1]9.00% p.a. during the previous year.

a) Rupee term loan from a foreign financial institution was secured by first *pari passu* charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Company, present and future, excluding specific assets with first *pari passu* charge with other lenders and second charge on entire current assets of the Company, both present and future.

b) Foreign currency term loan from a foreign bank was secured by first *pari passu* charge by way of hypothecation of all movable property, plant and equipment and mortgage of immovable properties of the Company, present and future, excluding specific assets with first *pari passu* charge and second charge on entire current assets of the Company, both present and future.

c) Foreign currency term loan from a bank was secured by first *pari passu* charge on the entire movable and immovable property, plant and equipment of the Company, both present and future.

d) Security details:

Working capital loans repayable on demand from banks is secured by hypothecation of tangible current assets, namely, inventories and book debts of the Company as a whole and also secured by second and subservient charge on immovable and movable assets of the Company to the extent of individual bank limit as mentioned in joint consortium documents. This also extends to guarantees and letters of credit given by the bankers aggregating to ₹ 88.30 cr (March 31, 2017: ₹ 83.24 cr).

e) The carrying amount of assets hypothecated | mortgaged as security for current and non-current borrowings are:

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
First charge for current and second charge for non-current borrowings		
i) Inventories	378.95	367.89
ii) Trade receivables	717.68	507.06
iii) Current assets other than inventories and trade receivables	181.79	153.83
	1,278.42	**1,028.78**
First charge for non-current and second charge for current borrowings		
Property, plant and equipment excluding leasehold land	900.21	908.98
Total assets as security	**2,178.63**	**1,937.76**

f) Net debt reconciliation:

(₹ cr)

Particulars	Liabilities from financing activities		
	Current borrowings	Non-current borrowings	Total
Net debt as at March 31, 2017	155.23	–	155.23
Repayments	(155.22)	–	(155.22)
Interest expense	6.38	–	6.38
Interest paid	(6.38)	–	(6.38)
Net debt as at March 31, 2018	**0.01**	**–**	**0.01**

(₹ cr)

Note 16 Other financial liabilities	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
a) Current maturities of long-term debt (refer Note 15)	–	–	21.23	–
b) Employee benefits payable	24.28	–	22.56	–
c) Security deposits	–	19.80	–	19.30
d) Interest accrued, but not due	–	–	0.18	–
e) Unclaimed dividends*	1.95	–	1.71	–
f) Unclaimed matured deposits and interest thereon*	0.01	–	0.01	–
g) Creditor for capital goods	18.81	–	18.38	–
h) Other liabilities (includes discount payable)	10.13	2.77	4.75	2.14
	55.18	**22.57**	**68.82**	**21.44**

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2018.

(₹ cr)

Note 17 Provisions	As at March 31, 2018		As at March 31, 2017	
	Current	Non-current	Current	Non-current
a) Provision for compensated absences	6.86	17.71	6.08	20.04
b) Others {refer a (ii) and b below}	1.50	–	1.54	–
	8.36	**17.71**	**7.62**	**20.04**

a) Information about individual provisions and significant estimates

i) Compensated absences:

The Compensated absences cover the liability for sick and earned leave. Out of the total amount disclosed above, the amount of ₹ 6.86 cr (March 31, 2017: ₹ 6.08 cr) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

ii) Effluent disposal:

The entity has provided for expenses it estimates to incur for safe disposal of effluent in line with the regulatory framework it operates in. The provision represents the unpaid amount the entity expects to incur for which the obligating event has already arisen as on the reporting date.

b) Movement of provision for effluent disposal:

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance as at the beginning of the year	1.54	1.65
Less: Utilised	(1.54)	(1.65)
Provision made during the year	1.50	1.54
Balance as at the end of the year	**1.50**	**1.54**

(₹ cr)

Note 18 Other current liabilities	As at March 31, 2018	As at March 31, 2017
a) Statutory dues	4.05	11.23
b) Advances received from customers	10.61	4.97
	14.66	**16.20**

(₹ cr)

Note 19 Trade payables	As at March 31, 2018	As at March 31, 2017
a) Related Party (refer Note 27.4)	11.32	6.35
b) Others (refer Note 27.14 for outstanding dues of micro enterprise and small enterprise)	459.14	322.71
	470.46	**329.06**

Notes to the Financial Statements

(₹ cr)

Note 20 Revenue from operations	2017-18	2016-17
Sale of products[1]	3,090.41	2,792.60
Sale of services	2.08	0.08
Other operating revenue:		
Export incentives	43.03	44.74
Scrap sales	6.21	7.63
Processing charges	5.83	3.22
	3,147.56	**2,848.27**

[1]Revenue from operations up to June 30, 2017 includes excise duty of ₹ 40.07 cr and ₹ 154.86 cr for the year 2016-17, which is discontinued effective July 01, 2017 upon implementation of Goods and Services Tax (GST) in India. In accordance with Ind AS 18, 'Revenue', GST is not included in revenue from operations. In view of the aforesaid restructuring of indirect taxes, revenue from operations for the year ended on March 31, 2018 are not comparable with the previous year.

(₹ cr)

Note 21 Other income	2017-18	2016-17
Dividend from equity investment measured at FVOCI	3.33	2.89
Dividend from equity investment measured at cost	17.38	19.21
Dividend from investments measured at FVPL	0.45	0.17
Interest income from financial assets measured at amortised cost	2.76	3.22
Interest from others	3.51	1.84
Lease income	0.34	0.03
Gain on disposal of property, plant and equipment	0.30	3.71
Exchange rate difference – gain	2.88	–
Miscellaneous income	7.51	11.39
	38.46	**42.46**

(₹ cr)

Note 22 Cost of materials consumed	2017-18	2016-17
Raw materials and packing materials consumed		
Stocks at commencement	82.22	68.01
Add: Purchase	1,678.38	1,338.72
	1,760.60	1,406.73
Less: Stocks at close	107.27	82.22
	1,653.33	**1,324.51**

(₹ cr)

Note 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade	2017-18	2016-17
Stocks at close		
Finished goods	97.54	112.03
Work-in-progress	99.11	112.76
Stock-in-trade	1.93	5.55
	198.58	230.34
Less: Stocks at commencement		
Finished goods	112.03	127.48
Work-in-progress	112.76	113.64
Stock-in-trade	5.55	7.10
	230.34	248.22
(Increase) | Decrease in stocks	**31.76**	**17.88**

(₹ cr)

Note 24 Employee benefit expenses	2017-18	2016-17
Salaries, wages and bonus (refer Note 27.6)	162.17	155.29
Contribution to Provident and other funds (refer Note 27.6)	12.35	11.88
Staff welfare	6.82	6.06
	181.34	**173.23**

(₹ cr)

Note 25 Finance costs	2017-18	2016-17
Interest on borrowings	6.38	17.16
Interest on financial liabilities at amortised cost	1.02	1.11
Interest on others	1.01	1.20
Other borrowings cost	0.49	0.52
Exchange difference regarded as an adjustment to borrowing cost	–	1.03
	8.90	**21.02**

(₹ cr)

Note 26 Other expenses	2017-18	2016-17
Power, fuel and water	336.26	315.81
Freight, cartage and octroi	95.10	69.82
Manpower services	46.12	40.74
Consumption of stores and spares	45.90	44.87
Conversion and plant operation charges	40.82	32.07
Plant and equipment repairs	52.47	50.91
Building repairs	18.25	15.36
Sundry repairs	7.70	7.54
Rent	2.11	2.31
Rates and taxes	1.28	1.25
Insurance	5.44	6.96
Commission	11.60	7.40
Travelling and conveyance	17.10	15.85
Payments to the Statutory Auditors		
a) Audit fees	0.26	0.29
b) Tax matters	0.09	0.09
c) Other matters	0.24	0.32
d) Out of pocket expenses	0.05	0.02
Payments to the Cost Auditors		
a) Audit fees	0.03	0.02
b) Other matters (Previous year: ₹ 7,000)	–	
c) Out of pocket expenses (Current year: ₹ 15,432 and Previous year: ₹ 17,970)		
Directors' fees and travelling	0.31	0.24
Directors' commission (other than the Executive Directors)	0.79	0.79
Bad debts and irrecoverable balances written off	0.29	2.07
Loss on assets sold, discarded or demolished	0.12	0.20
Expenditure on Corporate Social Responsibility initiatives (refer Note 27.15)	7.39	6.60
Exchange rate difference - loss	–	5.43
Miscellaneous expenses	70.78	63.71
	760.50	**690.67**

Notes to the Financial Statements

Note 27.1 Contingent liabilities

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debts in respect of:		
i) Excise duty	8.73	8.00
ii) Income tax	7.15	6.24
iii) VAT	–	0.67
iv) Custom duty	1.94	0.18
v) Water charges	90.73	87.27
vi) Others	5.92	6.43

The above matters are currently being considered by the tax authorities | various forums and the Company expects the judgement will be in its favour and has therefore, not recognised the provision in relation to these claims. Future cash outflow in respect of above will be determined only on receipt of judgement | decision pending with tax authorities | various forums. The above (except in respect of water charges matter) excludes interest | penalties which may become payable in case of unfavourable outcome.

Note 27.2 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period, but not recognised as liabilities is as follows:

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed and not provided for (net of advances):		
Property, plant and equipment	21.33	25.09

Note 27.3 Research and Development

Details of expenditure incurred on approved in-house Research and Development facilities:

(₹ cr)

Particulars	2017-18	2016-17
Capital expenditure on building	–	6.07
Other capital expenditure	2.23	12.86
Recurring expenditure	20.59	19.00
	22.82	**37.93**

Note 27.4 (A) Related Party information		
Name of the Related Party and nature of relationship		
No.	Name of the Related Party	Description of relationship
01	Aaranyak Urmi Ltd[1]	Subsidiary companies
02	Aasthan Dates Ltd	
03	Amal Ltd[2]	
04	Anchor Adhesives Pvt Ltd	
05	Atul Aarogya Ltd	
06	Atul Ayurveda Ltd	
07	Atul Bioscience Ltd	
08	Atul Biospace Ltd	
09	Atul Brasil Quimicos Ltda	
10	Atul China Ltd	
11	Atul Clean Energy Ltd	
12	Atul Crop Care Ltd	
13	Atul Deutschland GmbH	
14	Atul Elkay Polymers Ltd	
15	Atul Entertainment Ltd	
16	Atul Europe Ltd	
17	Atul Finserv Ltd	
18	Atul Fin Resources Ltd[1]	
19	Atul Hospitality Ltd	
20	Atul Infotech Pvt Ltd[1]	
21	Atul Middle East FZ-LLC	
22	Atul Nivesh Ltd[1]	
23	Atul Rajasthan Date Palms Ltd[1]	
24	Atul (Retail) Brands Ltd	
25	Atul Seeds Ltd	
26	Atul USA Inc	
27	Biyaban Agri Ltd	
28	DPD Ltd[1]	
29	Gujarat Synthwood Ltd[3]	
30	Jayati Infrastructure Ltd	
31	Lapox Polymers Ltd	
32	Osia Dairy Ltd	
33	Osia Infrastructure Ltd	
34	Raja Dates Ltd	
	Other Related Parties with whom transactions have taken place during the year	
35	Rudolf Atul Chemicals Ltd	Joint venture company
36	Anaven LLP	Joint operation
37	Aagam Holdings Pvt Ltd	Entity over which control exercised by Key Management Personnel
38	Samveg Agencies Pvt Ltd	

Note 27.4 (A) Related Party information (continued)

Name of the Related Party and nature of relationship

No.	Name of the Related Party	Description of relationship
39	Key Management Personnel	
	S S Lalbhai	Chairman and Managing Director
	S A Lalbhai	Managing Director
	B N Mohanan	Whole-time Director and President - U&S
	T R Gopi Kannan	Whole-time Director and CFO
	R A Shah	Non-executive Director
	S S Baijal	Non-executive Director
	B S Mehta	Non-executive Director
	H S Shah	Non-executive Director
	S M Datta	Non-executive Director
	V S Rangan	Non-executive Director
	M M Chitale	Non-executive Director
	S A Panse	Non-executive Director
	B R Arora	Non-executive Director
40	Close family members of Key Management Personnel	
	Vimla S Lalbhai	Mother of S S Lalbhai
	Swati S Lalbhai	Sister of S S Lalbhai
	Astha S Lalbhai	Daughter of S S Lalbhai
	Saumya S Lalbhai	Son of S A Lalbhai
	Nishtha S Lalbhai	Daughter of S S Lalbhai
41	Welfare funds	
	Atul Foundation Trust	Entities over which Key Management Personnel or their close family members have significant influence
	Atul Kelavani Mandal	
	Atul Rural Development Fund	
	Atul Vidyalaya	
	Urmi Stree Sanstha	
42	Other Related Parties[4]	
	The Atul Officers Retirement Benefit Fund	Post-employment benefit plan of Atul Ltd
	Atul Products Ltd-Ankleshwar Division Employees' Provident Fund Trust	
	Atul Limited Employees Gratuity Fund	

[1]Investments held through subsidiary companies | [2]Associate company up to November 30, 2016 | [3]Under liquidation | [4]Refer Note 27.6 for information on transactions with post-employment benefit plans mentioned above.

(₹ cr)

Note 27.4 (B) Transactions with subsidiary companies		2017-18	2016-17
a) Sales and income			
01	Sale of goods	**497.97**	**457.64**
	Atul Bioscience Ltd	34.77	25.52
	Atul Biospace Ltd	7.75	9.35
	Atul China Ltd	69.88	78.70
	Atul Europe Ltd	187.01	198.12
	Atul Infotech Pvt Ltd (Previous year: ₹ 12,415)	–	
	Atul USA Inc	198.56	145.95

(₹ cr)

Note 27.4 (B) Transactions with subsidiary companies (continued)		2017-18	2016-17
02	Service charges received	**2.16**	**1.92**
	Amal Ltd	0.40	0.29
	Atul Bioscience Ltd	1.53	1.43
	Atul Crop Care Ltd	0.06	0.07
	Atul Finserv Ltd	0.04	0.01
	Atul Infotech Pvt Ltd	0.10	0.09
	Lapox Polymers Ltd	0.03	0.03
03	Interest received	**0.56**	**0.85**
	Atul Bioscience Ltd	0.56	0.85
04	Lease rent received		
	Amal Ltd (Current year: ₹ 8,000 and Previous year: ₹ 8,000)		
	Atul Bioscience Ltd (Current year: ₹ 3,935 and Previous year: ₹ 3,935)		
b)	**Purchases and expenses**		
01	Purchase of goods	**30.42**	**25.39**
	Aasthan Dates Ltd	–	0.01
	Amal Ltd	25.93	21.43
	Atul Bioscience Ltd	0.13	0.19
	Atul Biospace Ltd	–	0.03
	Atul China Ltd	0.01	–
	Atul Europe Ltd	0.08	0.55
	Atul Infotech Pvt Ltd	–	0.03
	Atul USA Inc	0.22	0.71
	DPD Ltd	4.05	2.44
02	Purchase of capital goods	**–**	**0.07**
	Amal Ltd	–	0.05
	Atul Bioscience Ltd	–	0.02
03	Service charges	**23.18**	**19.14**
	Atul Crop Care Ltd	10.13	8.07
	Atul Finserv Ltd	0.65	0.59
	Atul Infotech Pvt Ltd	2.59	2.55
	Lapox Polymers Ltd	9.81	7.93
04	Commission	**3.44**	**2.19**
	Atul Brasil Quimicos Ltda	0.64	–
	Atul China Ltd	1.03	0.94
	Atul Europe Ltd	1.53	1.10
	Atul USA Inc	0.24	0.15
05	Reimbursement of expenses	**14.53**	**13.04**
	Amal Ltd (Previous year: ₹ 41,011)	0.01	
	Atul Bioscience Ltd	0.02	0.03
	Atul China Ltd	0.41	0.28
	Atul Crop Care Ltd	4.71	3.48
	Atul Europe Ltd	4.96	5.26
	Atul Finserv Ltd	0.91	1.12
	Atul Infotech Pvt Ltd (Previous year: ₹ 3,200)	0.04	
	Atul Middle East FZ-LLC	0.40	0.01
	Atul USA Inc	0.29	0.68
	Lapox Polymers Ltd	2.78	2.18

(₹ cr)

Note 27.4 (B) Transactions with subsidiary companies (continued)		2017-18	2016-17
c)	**Other transactions**		
01	Repayments of loan given	**6.30**	**3.25**
	Amal Ltd	2.00	3.25
	Atul Bioscience Ltd	4.30	–
02	Direct investments made in equity shares	**27.35**	**9.67**
	Atul Biospace Ltd	2.80	4.91
	Atul Finserv Ltd	24.55	4.76
03	Repayments of deposit given	**2.14**	**–**
	Atul Infotech Pvt Ltd	2.14	–
04	Reimbursements received	**0.01**	
	Amal Ltd (Previous year: ₹ 9,845)	–	
	Atul Bioscience Ltd (Current year: ₹ 37,802)		–
	Atul Infotech Pvt Ltd (Previous year: ₹ 26,438)	0.01	
05	Redemption of preference shares	**2.00**	**–**
	Amal Ltd	2.00	–
06	Dividend received	**14.46**	**11.77**
	Atul Bioscience Ltd	7.05	6.50
	Atul Biospace Ltd	1.16	–
	Atul Europe Ltd	5.21	5.27
	Atul USA Inc	1.04	–

(₹ cr)

Note 27.4 (C) Transactions with joint venture company		2017-18	2016-17
a)	**Sales and income**		
01	Sale of goods	2.75	3.38
02	Service charges received	2.90	2.68
03	Lease rent received	0.54	0.25
b)	**Purchases and expenses**		
01	Purchase of goods	0.30	0.03
c)	**Other transactions**		
01	Dividend received from equity investment measured at cost	2.92	3.72
02	Interest paid of loan	–	0.41
03	Repayments of Inter Corporate Deposits taken	–	10.50
04	Reimbursements received	0.56	0.74
05	Repayments of security deposit	–	0.20

All above transactions are with Rudolf Atul Chemicals Ltd.

(₹ cr)

Note 27.4 (D) Transactions with joint operation		2017-18	2016-17
a)	**Sales and income**		
01	Sale of capital work-in-progress	10.13	–
02	Service charges received	1.75	–
03	Lease rent received	0.01	–
b)	**Other transactions**		
01	Reimbursements received	1.18	–

All above transactions are with Anaven LLP

(₹ cr)

Note 27.4 (E) Transactions with entity over which control exercised by Key Management Personnel		2017-18	2016-17
a) Expenses			
01	Reimbursements	–	**0.03**
	Samveg Agencies Pvt Ltd (Current year: ₹ 22,550)	–	0.03

(₹ cr)

Note 27.4 (F) Key Management Personnel compensation		2017-18	2016-17
a) Remuneration		**12.83**	**12.91**
01	Short-term employee benefits	11.05	11.05
02	Post-employment benefits[1]	0.76	0.92
03	Commission and other benefits to Non-executive Directors	1.02	0.94
04	Interest on deposits from Directors (Current year: ₹ 6,912 and Previous year: ₹ 9,000)		

[1]Compensation exclude provision for gratuity and compensated absences since these are based on actuarial valuation on an overall company basis.

(₹ cr)

Note 27.4 (G) Close family members of Key Management Personnel compensation		2017-18	2016-17
a) Remuneration		**0.35**	**0.29**
01	Astha S Lalbhai	0.23	0.19
02	Saumya S Lalbhai	–	0.03
03	Nishtha S Lalbhai	0.12	0.07

(₹ cr)

Note 27.4 (H) Transactions with entities over which Key Management Personnel or their close family members have significant influence		2017-18	2016-17
a) Sales and income			
01	Sale of goods	**0.18**	**0.15**
	Atul Kelavani Mandal	0.04	0.04
	Atul Rural Development Fund (Previous year: ₹ 49,622)	0.01	
	Atul Vidyalaya	0.13	0.11
	Urmi Stree Sanstha (Previous year: ₹ 1,723)	–	
b) Purchases and expenses			
01	Reimbursement of expenses		
	Atul Vidyalaya (Previous year: ₹ 2,500)	–	
	Urmi Stree Sanstha (Current year: ₹ 27,401 and Previous year: ₹ 14,433)		
c) Other transactions			
01	Expenditure on Corporate Social Responsibility initiatives	**7.20**	**6.33**
	Atul Foundation Trust	5.80	4.83
	Atul Rural Development Fund	1.40	1.50
02	Reimbursements received	**0.05**	**0.06**
	Atul Kelavani Mandal (Current year: ₹ 13,153 and Previous year: ₹ 42,171)		
	Atul Vidyalaya	0.05	0.06

(₹ cr)

Note 27.4 (I) Outstanding balances as at year end		As at March 31, 2018	As at March 31, 2017
a) With subsidiary companies			
01	Loans receivable	**9.63**	**15.93**
	Amal Ltd[1]	9.63	11.63
	Atul Bioscience Ltd	–	4.30
02	Deposit receivable	**–**	**2.14**
	Atul Infotech Pvt Ltd	–	2.14
03	Dividend receivable	**14.46**	**11.77**
	Atul Bioscience Ltd	7.05	6.50
	Atul Biospace Ltd	1.16	–
	Atul Europe Ltd	5.21	5.27
	Atul USA Inc	1.04	–
04	Receivables	**135.10**	**92.41**
	Amal Ltd (Previous year: ₹ 49,533)	0.08	
	Atul Bioscience Ltd	6.15	5.98
	Atul Biospace Ltd	0.86	0.80
	Atul Brasil Quimicos Ltda	0.04	–
	Atul China Ltd	19.07	23.31
	Atul Crop Care Ltd	0.01	0.01
	Atul Elkay Polymers Ltd	0.07	0.07
	Atul Europe Ltd	44.79	23.34
	Atul Finserv Ltd	0.07	0.01
	Atul USA Inc	63.96	38.89
	Lapox Polymers Ltd (Current year: ₹ 21,819)		–
05	Payables	**14.15**	**7.66**
	Aasthan Dates Ltd (Previous year: ₹ 20,500)	–	
	Amal Ltd	8.10	3.42
	Atul Bioscience Ltd	0.04	0.03
	Atul China Ltd	0.38	0.17
	Atul Crop Care Ltd	1.43	–
	Atul Europe Ltd	2.05	2.08
	Atul Finserv Ltd	0.19	0.14
	Atul Infotech Pvt Ltd	0.24	0.19
	Atul Middle East FZ-LLC	–	0.01
	Atul USA Inc	0.32	0.45
	Lapox Polymers Ltd	1.40	1.17

[1] Interest free loan at amortised cost (Current year: ₹ 7.07 cr and Previous year: ₹ 7.89 cr) including equity component, pursuant to the order of 'Board for Industrial and Financial Reconstruction.

Note 27.4 (I) Outstanding balances as at year end (continued)

(₹ cr)

b)	With joint venture company	As at March 31, 2018	As at March 31, 2017
01	Dividend receivable	2.92	3.72
02	Receivables	1.44	1.59
03	Refundable security deposit	2.60	2.60
04	Payables	0.10	–

All above balances are with Rudolf Atul Chemicals Ltd

(₹ cr)

c)	With joint operation	As at March 31, 2018	As at March 31, 2017
01	Receivables	0.88	–

(₹ cr)

d)	With Key Management Personnel	As at March 31, 2018	As at March 31, 2017
01	Payables	**0.01**	**0.01**
	Directors deposit	0.01	0.01

(₹ cr)

e)	With Entities over which Key Management Personnel or their close family members have significant influence	As at March 31, 2018	As at March 31, 2017
01	Receivables	**0.07**	**0.03**
	Atul Kelavani Mandal (Previous year: ₹ 35,655)	0.05	
	Atul Rural Development Fund (Current year: ₹ 25,564)		0.01
	Atul Vidyalaya	0.02	0.02
	Urmi Stree Sanstha (Current year: ₹ 7,199 and Previous year: ₹ 1,864)		
02	Payables		**0.03**
	Atul Rural Development Fund (Current year: ₹ 12,500)		0.03

Note 27.4 (J) Terms and conditions

01 Sales to and purchases from Related Parties were made on normal commercial terms and conditions and at prevailing market prices or where market price is not available, at cost plus margin.

02 Transactions relating to dividends and subscriptions for new equity shares were on the same terms and conditions that applied to other Shareholders.

03 All outstanding balances are unsecured and are repayable in cash.

Note 27.5 Current and Deferred tax

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:

a) Income tax expense recognised in the Statement of Profit or Loss:

(₹ cr)

	Particulars	2017-18	2016-17
i)	**Current tax**		
	Current tax on profit for the year	103.04	81.80
	Adjustments for current tax of prior periods	(0.83)	(2.07)
	Total current tax expense	**102.21**	**79.73**
ii)	**Deferred tax**		
	(Decrease) | Increase in deferred tax liabilities	138.74	61.26
	Decrease | (Increase) in deferred tax assets	(114.11)	(25.77)
	Total deferred tax expense | (benefit)	**24.63**	**35.49**
	Income tax expense	**126.84**	**115.22**

b) Income tax expense recognised in the Statement of Other Comprehensive Income:

(₹ cr)

	Particulars	2017-18	2016-17
i)	**Current tax**		
	Remeasurement gain | (loss) on defined benefit plans	0.95	0.86
	Total current tax expense	**0.95**	**0.86**
ii)	**Deferred tax**		
	Effective portion of gain | (loss) on cash flow hedges	0.02	(0.25)
	Total deferred tax expense | (benefit)	**0.02**	**(0.25)**
	Income tax expense	**0.97**	**0.61**

c) The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows:

		Particulars	2017-18	2016-17
a)	Statutory income tax rate		34.61%	34.61%
b)	Differences due to:			
	i)	Expenses not deductible for tax purposes	0.93%	0.75%
	ii)	Income exempt from income tax	(1.56%)	(2.17%)
	iii)	Income tax incentives	(0.55%)	(3.48%)
	iv)	Others	(1.43%)	(0.94%)
	Effective income tax rate		**32.00%**	**28.77%**

Note 27.5 Current and Deferred tax (continued)

d) Current tax assets

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	–	3.11
Add: Tax paid in advance, net of provisions during the year	0.67	(3.11)
Closing balance	**0.67**	**–**

e) Current tax liabilities

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	1.99	–
Add: Current tax payable for the year	102.21	79.73
Less: Taxes paid	(96.19)	(77.74)
Closing balance	**8.01**	**1.99**

f) Deferred tax liabilities (net)

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities | (assets):

(₹ cr)

Particulars	As at March 31, 2018	(Charged) | Credited to profit or loss | OCI | equity	As at March 31, 2017	(Charged) | Credited to profit or loss | OCI | equity	As at March 31, 2016
Property, plant and equipment	140.33	1.59	138.74	61.26	77.48
Total deferred tax liabilities	**140.33**	**1.59**	**138.74**	**61.26**	**77.48**
Provision for leave encashment	(8.58)	0.46	(9.04)	(1.23)	(7.81)
Provision for doubtful debts	(0.91)	0.19	(1.10)	0.22	(1.32)
Provision for doubtful advances	–	–	–	0.07	(0.07)
Investment properties	(6.21)	(2.26)	(3.95)	(0.18)	(3.77)
Unrealised MTM losses on derivatives (CIRS)	–	1.75	(1.75)	(1.75)	–
Cash flow hedges	0.02	0.27	(0.25)	0.06	(0.31)
MAT credit entitlement	–	22.90	(22.90)	(22.90)	–
Total deferred tax assets	**(15.68)**	**23.31**	**(38.99)**	**(25.71)**	**(13.28)**
Net deferred tax (asset) | liability	**124.65**	**24.90**	**99.75**	**35.55**	**64.20**

g) Unrecognised temporary differences

The Company has not recognised deferred tax liability | asset associated with fair value gain | (loss) on equity share measured at OCI as based on the Management projection of future taxable income and existing plan, it is not probable that such difference will reverse in the foreseeable future.

h) Effective income tax rate

The effective income tax rate up to March 31, 2018 is 34.61%. The increase in effective income tax rate to 34.94% was announced in Union Budget 2018 which was substantively enacted on March 29, 2018 and will be effective from April 01, 2018. As a result, the relevant deferred tax balances has been remeasured using revised effective income tax rate.

Note 27.6 Employee benefit obligations

Funded schemes

a) Defined benefit plans:

Gratuity

The Company operates a gratuity plan through the 'Atul Employees Gratuity Trust'. Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972 or Company scheme, whichever is beneficial. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after 5 years of continuous service.

Balance Sheet amount (Gratuity)

(₹ cr)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2016	**47.27**	**(47.27)**	**–**
Current service cost	2.52	–	2.52
Interest expense | (income)	3.69	(3.69)	–
Total amount recognised in profit and loss	**6.21**	**(3.69)**	**2.52**
Remeasurement			
Return on plan assets, excluding amount included in interest expense | (income)	–	(1.98)	(1.98)
(Gain) | Loss from change in financial assumptions	1.11	–	1.11
Experience (gain) | loss	(1.61)	–	(1.61)
Total amount recognised in Other Comprehensive Income	**(0.50)**	**(1.98)**	**(2.48)**
Employer contributions	–	(0.04)	(0.04)
Benefit payments	(5.81)	5.81	–
As at March 31, 2017	**47.17**	**(47.17)**	–
Current service cost	2.74	–	2.74
Interest expense | (income)	3.41	(3.41)	–
Total amount recognised in profit and loss	**6.15**	**(3.41)**	**2.74**
Remeasurement			
Return on plan assets, excluding amount included in interest expense | (income)	–	0.06	0.06
(Gain) | Loss from change in financial assumptions	(1.17)	–	(1.17)
Experience (gain) | loss	(1.62)	–	(1.62)
Total amount recognised in Other Comprehensive Income	**(2.79)**	**0.06**	**(2.73)**
Employer contributions	–	(0.01)	(0.01)
Benefit payments	(5.11)	5.11	–
As at March 31, 2018	**45.42**	**(45.42)**	–

The net liability disclosed above relates to following funded and unfunded plans: (₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Present value of funded obligations	45.42	47.17
Fair value of plan assets	(45.42)	(47.17)
Deficit of Gratuity plan	**–**	**–**

Note 27.6 Employee benefit obligations (continued)

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate	7.68%	7.22%
Attrition rate	9.70%	7.30%
Rate of return on plan assets	7.68%	7.22%
Salary escalation rate	8.27% and 6.00%	7.75%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Discount rate	1.00%	1.00%	(3.39%)	(3.92%)	3.70%	4.31%
Attrition rate	1.00%	1.00%	(0.09%)	(0.06%)	0.10%	0.06%
Rate of return on plan assets	1.00%	1.00%	(3.39%)	(3.92%)	3.70%	4.31%
Salary escalation rate	1.00%	1.00%	3.67%	4.27%	(3.43%)	(3.96%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied while calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change as compared to the prior year.

Major category of plan assets are as follows:

(₹ cr)

Particulars	As at March 31, 2018				As at March 31, 2017			
	Quoted	Unquoted	Total	in %	Quoted	Unquoted	Total	in %
Government of India assets	–	1.18	1.18	2.60%	–	1.27	1.27	2.69%
Debt instruments								
Corporate bonds	0.99	–	0.99	2.18%	1.22	–	1.22	2.59%
Investment funds								
Insurance fund	43.07	–	43.07	94.83%	44.52	–	44.52	94.38%
Others	–	0.02	0.02	0.04%	–	–	–	–
Special deposit scheme	–	0.16	0.16	0.35%	–	0.16	0.16	0.34%
	44.06	**1.36**	**45.42**	**100%**	**45.74**	**1.43**	**47.17**	**100%**

Note 27.6 Employee benefit obligations (continued)

Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

i) Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields, if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments are in fixed income securities with high grades and in Government securities. These are subject to interest rate risk. The Company has a Risk Management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

ii) Changes in bond yields

A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of other bond holdings.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment will not have a material impact on the overall level of assets.

A large portion of assets consists insurance funds, although the Company also invests in corporate bonds and special deposit schemes. The plan asset mix is in compliance with the requirements of the respective local regulations.

Expected contributions to post-employment benefit plans for the year ending March 31, 2019 are ₹ 2.53 cr.

The weighted average duration of the defined benefit obligation is 6 years (2016-17: 5 years). The expected maturity analysis of gratuity is as follows:

(₹ cr)

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
Defined benefit obligation (gratuity)					
As at March 31, 2018	9.65	6.25	19.51	44.45	79.86
As at March 31, 2017	7.45	5.75	20.50	51.22	84.92

Provident Fund:

The Company has established an Employee Provident Fund Trust administered by the Company to which both the employee and the employer make monthly contribution equal to 12% of basic salary of employee respectively. The Company's contribution to the Provident Fund for all employees is charged to the Statement of Profit and Loss. In case of any liability arising due to short fall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. The actuary has provided an actuarial valuation and indicated that the interest shortfall liability is ₹ Nil. The Company has contributed the following amounts towards Provident Fund during the respective period ended:

(₹ cr)

Expenses recognised for the year ended on March 31, 2018 (included in Note 24)	As at March 31, 2018	As at March 31, 2017
i) Defined benefit obligation	9.48	9.14
ii) Fund	9.81	9.16
iii) Net asset | (liability)	0.33	0.03
iv) Charge to the Statement of Profit and Loss during the year	0.20	0.20

Note 27.6 Employee benefit obligations (continued)

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

	Particulars	2017-18	2016-17
i)	Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
ii)	Withdrawal rates	5% p.a. for all age groups	6% p.a. for all age groups
iii)	Rate of discount	7.68%	7.22%
iv)	Expected rate of interest	8.55%	8.65%
v)	Retirement age	60 years	60 years
vi)	Guaranteed rate of interest	8.55%	8.65%

b) Defined contribution plans:

Provident and other funds:

Amount of ₹ 9.60 cr (March 31, 2017: ₹ 9.36 cr) is recognised as expense and included in Note 24 'Contribution to Provident and other funds'.

Compensated absences:

Amount of ₹ 0.71 cr (March 31, 2017: ₹ 5.99 cr) is recognised as expense and included in Note 24 'Salaries, wages and bonus'.

Note 27.7 Fair value measurements

Financial instruments by category

(₹ cr)

Particulars	As at March 31, 2018			As at March 31, 2017		
	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets						
Investments:						
Equity instruments	–	452.32	–	–	415.06	–
Preference shares	–	–	5.72	–	–	7.10
Government securities	–	–	0.01	–	–	0.01
Share application money	–	0.01	–	–	–	–
Trade receivables	–	–	717.68	–	–	507.06
Loans	–	–	7.07	–	–	12.19
Security deposits for utilities and premises	–	–	1.10	–	–	3.27
Dividend receivable	–	–	17.38	–	–	15.93
Derivative financial assets designated as hedges	–	0.07	–	–	1.70	–
Finance lease receivable	–	–	1.25	–	–	1.38
Cash and bank balances	–	–	22.17	–	–	7.21
Other receivables	–	–	14.64	–	–	7.88
Total financial assets	**–**	**452.40**	**787.02**	**–**	**416.76**	**562.03**
Financial liabilities						
Borrowings	–	–	0.01	–	–	155.23
Trade payables	–	–	470.46	–	–	329.06
Security deposits	–	–	19.80	–	–	19.30
Derivative financial liabilities designated as hedges	–	0.02	–	–	2.43	–
Derivative financial liabilities not designated as hedges	–	–	–	5.07	–	–
Employee benefits payable	–	–	24.28	–	–	22.56
Creditors for capital goods	–	–	18.81	–	–	18.38
Other liabilities (Includes discount payables)	–	–	14.86	–	–	8.79
Total financial liabilities	**–**	**0.02**	**548.22**	**5.07**	**2.43**	**553.32**

Note 27.7 Fair value measurements (continued)

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the 3 levels prescribed under the Accounting Standard. An explanation of each level follows underneath the table:

(₹ cr)

i) Financial assets and liabilities measured at fair value – recurring fair value measurements at March 31, 2018	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial investments at FVOCI:					
Quoted equity shares	5	451.53	–	–	451.53
Unquoted equity shares[1]	5	–	–	0.79	0.79
Share application money	5	0.01	–	–	0.01
Derivatives designated as hedges:					
Foreign exchange forward contracts		–	0.07	–	0.07
Total financial assets		**451.54**	**0.07**	**0.79**	**452.40**
Financial liabilities					
Derivatives designated as hedges:					
Currency options		–	0.02	–	0.02
Derivatives not designated as hedges:					
Currency swaps		–	–	–	–
Total financial liabilities		**–**	**0.02**	**–**	**0.02**

(₹ cr)

ii) Assets and liabilities for which fair values are disclosed at March 31, 2018	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Investments:					
Preference shares	5	–	–	5.72	5.72
Government securities	5	0.01	–	–	0.01
Loans	6	–	–	7.07	7.07
Security deposits for utilities and premises	7	–	–	1.10	1.10
Finance lease receivable	7	–	–	1.25	1.25
Total financial assets		**0.01**	**–**	**15.14**	**15.15**
Financial liabilities					
Borrowings	15	–	–	0.01	0.01
Security deposits	16	–	–	19.80	19.80
Total financial liabilities		**–**	**–**	**19.81**	**19.81**
Investment properties	3	**–**	**–**	**141.00**	**141.00**

Note 27.7 Fair value measurements (continued)

(₹ cr)

iii)	Financial assets and liabilities measured at fair value – recurring fair value measurements at March 31, 2017	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Financial investments at FVOCI:					
	Quoted equity shares	5	414.27	–	–	414.27
	Unquoted equity shares[1]	5	–	–	0.79	0.79
	Derivatives designated as hedges:					
	Currency options		–	1.70	–	1.70
	Total financial assets		**414.27**	**1.70**	**0.79**	**416.76**
	Financial liabilities					
	Derivatives designated as hedges:					
	Foreign exchange forward contracts		–	2.43	–	2.43
	Derivatives not designated as hedges:					
	Currency swaps			5.07		5.07
	Total financial liabilities		**–**	**7.50**	**–**	**7.50**

(₹ cr)

iv)	Assets and liabilities for which fair values are disclosed at March 31, 2017	Note	Level 1	Level 2	Level 3	Total
	Financial assets					
	Investments:					
	Preference shares	5	–	–	7.10	7.10
	Government securities	5	0.01	–	–	0.01
	Loans	6	–	–	12.19	12.19
	Security deposits for utilities and premises	7	–	–	3.27	3.27
	Finance lease receivable	7	–	–	1.38	1.38
	Total financial assets		**0.01**	–	**23.94**	**23.95**
	Financial liabilities					
	Borrowings	15	–	–	154.80	154.80
	Security deposits	16	–	–	19.30	19.30
	Total financial liabilities		–	–	**174.10**	**174.10**
	Investment properties	3	–	–	**134.00**	**134.00**

[1] Includes investment in Bharuch Enviro Infrastructure Ltd (70,000 equity shares) and in Narmada Clean Tech Ltd (7,15,272 equity shares) which are for operation purposes and the Company expects its refund on exit. The Company estimates that the fair value of these investments are not materially different as compared to its cost.

Note 27.7 Fair value measurements (continued)

There were no transfers between any levels during the year.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual fund units that have a quoted price. The fair value of all equity instruments which are traded on the Stock Exchanges is valued using the closing price as at the reporting period. The mutual fund units are valued using the closing net assets value.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

b) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

i) the use of quoted market prices or dealer quotes for similar instruments

ii) the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves

iii) the fair value of forward foreign exchange contracts are determined using forward exchange rates at the Balance Sheet date

iv) the fair value of foreign currency option contracts is determined using the Black Scholes valuation model

v) the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2.

c) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

d) Fair value of financial assets and liabilities measured at amortised cost *(₹ cr)*

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments:				
Preference shares	5.72	5.72	7.10	7.04
Government securities	0.01	0.01	0.01	0.01
Loans for utilities and premises	7.07	7.07	12.19	13.78
Security deposits for utilities and premises	1.10	1.10	3.27	3.27
Finance lease receivable	1.25	1.25	1.38	1.38
Total financial assets	**15.15**	**15.15**	**23.95**	**25.48**
Financial liabilities				
Borrowings	0.01	0.01	155.23	154.80
Security deposits	19.80	19.80	19.30	19.30
Total financial liabilities	**19.81**	**19.81**	**174.53**	**174.10**

The carrying amounts of trade receivables, trade payables, other receivables, short-term security deposits, bank deposits with more than 12 months maturity, capital creditors, dividend receivable, other liabilities (including discount payable) and cash and cash equivalents including bank balances other than cash and cash equivalents are considered to be the same as their fair values due to the current and short-term nature of such balances.

The fair values for loans and investment in preference shares were calculated based on cash flows discounted using a current lending rate.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 27.8 Financial Risk Management

Risk Management is an integral part of the business practices of the Company. The framework of Risk Management concentrates on formalising a system to deal with the most relevant risks, building on existing Management practices, knowledge and structures. With the help of a reputed international consultancy firm, the Company has developed and implemented a comprehensive Risk Management System to ensure that risks to the continued existence of the Company as a going concern and to its growth are identified and remedied on a timely basis. While defining and developing the formalised Risk Management System, leading standards and practices have been considered. The Risk Management System is relevant to business reality, pragmatic and simple and involves the following:

i) Risk identification and definition: Focused on identifying relevant risks, creating | updating clear definitions to ensure undisputed understanding along with details of the underlying root causes | contributing factors.

ii) Risk classification: Focused on understanding the various impacts of risks and the level of influence on its root causes. This involves identifying various processes generating the root causes and a clear understanding of risk interrelationships.

iii) Risk assessment and prioritisation: Focused on determining risk priority and risk ownership for critical risks. This involves assessment of the various impacts taking into consideration risk appetite and existing mitigation controls.

iv) Risk mitigation: Focused on addressing critical risks to restrict their impact(s) to an acceptable level (within the defined risk appetite). This involves a clear definition of actions, responsibilities and milestones.

v) Risk reporting and monitoring: Focused on providing to the Board and the Audit Committee periodic information on risk profile evolution and mitigation plans.

a) Management of liquidity risk

The principal sources of liquidity of the Company are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

(₹ cr)

As at March 31, 2018	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	15	0.01	0.01	–	0.01
Trade payables	19	470.46	470.46	–	470.46
Security and other deposits	16	19.80	19.80	–	19.80
Employee benefits payable	16	24.28	24.28	–	24.28
Creditors for capital goods	16	18.81	18.81	–	18.81
Other liabilities	16	14.86	14.86	–	14.86
Derivatives (settlement on net basis)		0.02	0.02	–	0.02
As at March 31, 2017	**Note**	**Carrying amount**	**Less than 12 months**	**More than 12 months**	**Total**
Borrowings	15	155.23	155.23	–	155.23
Interest on non-current borrowings			0.46	–	0.46
Trade payables	19	329.06	329.06	–	329.06
Security and other deposits	16	19.30	19.30	–	19.30
Employee benefits payable	16	22.56	22.56	–	22.56
Creditors for capital goods	16	18.38	17.99	0.39	18.38
Other liabilities	16	8.79	8.40	0.39	8.79
Derivatives (settlement on net basis)		2.43	2.43	–	2.43

Note 27.8 Financial Risk Management (continued)

b) Management of market risk

The size and operations of the Company exposes it to the following market risks that arise from its use of financial instruments:

i) price risk

ii) interest rate risk

iii) foreign exchange risk

The above risks may affect income and expenses, or the value of its financial instruments of the Company. The objective of the Management of the Company for market risk is to maintain this risk within acceptable parameters, while optimising returns. The Company exposure to, and the Management of, these risks is explained below:

	Potential impact of risk	Management policy	Sensitivity to risk
i)	**Price risk**		
	The Company is mainly exposed to the price risk due to its investments in equity instruments. The price risk arises due to uncertainties about the future market values of these investments. Equity price risk is related to the change in market reference price of the investments in equity securities. In general, these securities are not held for trading purposes. These investments are subject to changes in the market price of securities. The fair value of quoted equity instruments classified as fair value through Other Comprehensive Income as at March 31, 2018 is ₹ 451.53 cr (March 31, 2017: ₹ 414.27 cr).	In order to manage its price risk arising from investments in equity instruments, the Company maintains its portfolio in accordance with the framework set by the Risk Management Policy. Any new investment or divestment must be approved by the Board, Chief Financial Officer and Risk Management Committee.	As an estimation of the approximate impact of price risk, with respect to investments in equity instruments, the Company has calculated the impact as follows. For equity instruments, a 9.14% increase in Nifty 50 prices may have led to approximately an additional ₹ 40.83 cr gain in Other Comprehensive Income (2016-17: ₹ 32.52 cr). A 9.14% decrease in Nifty 50 prices may have led to an equal, but opposite effect.
ii)	**Interest rate risk**		
	a) Financial liabilities:		
	The Company is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings. As at March 31, 2018, the exposure to interest rate risk due to variable interest rate borrowings amounted to ₹ Nil (March 31, 2017: ₹ 51.87 cr)	In order to manage its interest rate risk arising from variable interest rate borrowings, the Company uses interest rate swaps to hedge its exposure to future market interest rates whenever appropriate. The hedging activity is undertaken in accordance with the framework set by the Risk Management Committee and supported by the Treasury department. The Risk Management Committee and the Treasury department maintain a list of approved instruments which can be used for the purpose of such interest rate hedging.	As an estimation of the approximate impact of the interest rate risk, with respect to the financial instruments, the Company has calculated the impact of a 25 bps change in interest rates. A 25 bps increase in interest rates may have led to approximately an additional ₹ Nil (2016-17: ₹ 0.13 cr) gain in Other Comprehensive Income. A 25 bps decrease in interest rates may have led to an equal, but opposite effect.

Note 27.8 Financial Risk Management (continued)

b)	Financial assets:		
	The Company holds variable interest rate financial assets and fixed interest rate financial assets. However, it does not designate fixed interest rate financial assets at fair value through profit and loss. Therefore, changes in interest rates of fixed rate instruments may not affect profit or loss | equity. As at March 31, 2018, the exposure to interest rate risk due to variable interest rate loans amounted to ₹ Nil (March 31, 2017 ₹ 4.30 cr).	In order to manage its interest rate risk on variable interest rate financial assets, any new loan is as per the Policy of the Company.	The Company has calculated the impact of a 25 bps change in interest rates. A 25 bps increase in interest rates may have led to approximately an additional ₹ Nil (2016-17: ₹ 0.01 cr) gain in Other Comprehensive Income. A 25 bps decrease in interest rates may have led to an equal, but opposite effect.
iii)	**Foreign exchange risk**		
	The Company has international operations and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised Financial assets and liabilities denominated in a currency that is not the functional currency (₹) of the Company. The risk also includes highly probable foreign currency cash flows. The objective of the cash flow hedges is to minimise the volatility of the ₹ cash flows of highly probable forecast transactions.	The Company has exposure arising out of export, import, loans and other transactions other than functional risk. The Company hedges its foreign exchange risk using foreign exchange forward contracts and currency options after considering the natural hedge. The same is within the guidelines laid down by Risk Management Policy of the Company.	As an estimation of the approximate impact of the foreign exchange rate risk, with respect to Financial Statements, the Company has calculated the impact as follows: For derivative and non-derivative financial instruments, a 2% increase in the spot price as on the reporting date may have led to an increase in additional ₹ 5.48 cr gain in Other Comprehensive Income (2016-17: gain of ₹ 3.76 cr). A 2% decrease may have led to an increase in additional ₹ 5.01 cr loss in Other Comprehensive Income (2016-17: loss of ₹ 2.36 cr).

Foreign currency risk exposure:

The exposure to foreign currency risk of the Company at the end of the reporting period expressed are as follows:

Particulars	As at March 31, 2018					
	US$ mn	**₹ cr**	**€ mn**	**₹ cr**	**£ mn**	**₹ cr**
Financial assets						
Trade receivables	54.80	356.43	2.75	22.17	0.03	0.27
Dividend receivable	0.16	1.04	–	–	0.57	5.21
Less:						
Hedged through derivatives[1]						
Foreign exchange forward contracts	0.92	6.01	–	–	–	–
Net exposure to foreign currency risk (assets)	**54.04**	**351.46**	**2.75**	**22.17**	**0.60**	**5.48**
Financial liabilities						
Borrowings	–	–	–	–	–	–
Trade payables	16.09	104.64	0.14	1.09	0.03	0.24
Less:						
Hedged through derivatives[1]						
Currency range option	3.72	24.22	–	–	–	–
Net exposure to foreign currency risk (liabilities)	**12.37**	**80.42**	**0.14**	**1.09**	**0.03**	**0.24**

[1]Includes hedges for highly probable transactions up to next 12 months

Note 27.8 Financial Risk Management (continued)

Particulars	As at March 31, 2017					
	US$ mn	₹ cr	€ mn	₹ cr	£mn	₹ cr
Financial assets						
Trade receivables	37.67	244.26	2.43	16.80	0.10	0.77
Dividend receivable	–	–	–	–	0.65	5.25
Less:						
Hedged through derivatives[1]						
Currency range options	7.65	49.60	–	–	–	–
Net exposure to foreign currency risk (assets)	**30.02**	**194.66**	**2.43**	**16.80**	**0.75**	**6.02**
Financial liabilities						
Borrowings	10.67	69.15	–	–	–	–
Trade payables	8.07	52.33	0.22	1.52	0.01	0.04
Less:						
Hedged through derivatives[1]						
Foreign exchange forward contracts	9.00	58.35	–	–	–	–
Currency swaps	1.67	10.80	–	–	–	–
Net exposure to foreign currency risk (liabilities)	**8.07**	**52.33**	**0.22**	**1.52**	**0.01**	**0.04**

[1]Includes hedges for highly probable transactions up to next 12 months

c) Management of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations.

Trade receivables

Concentrations of credit risk with respect to trade receivables are limited, due to the customer base being large, diverse and across sectors and countries. All trade receivables are reviewed and assessed for default on a quarterly basis.

Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

Reconciliation of loss allowance provision – Trade receivables

(₹ cr)

Particulars	Loss allowance on Trade receivables
Loss allowance as on March 31, 2016	**3.80**
Changes in loss allowance	(0.64)
Loss allowance as on March 31, 2017	**3.16**
Changes in loss allowance	(0.56)
Loss allowance as on March 31, 2018	**2.60**

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Government securities, preference shares and loans to subsidiary companies. The Company has diversified portfolio of investment with various number of counterparties which have secure credit ratings, hence the risk is reduced. Individual risk limits are set for each counterparty based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the treasury department of the Company.

Note 27.8 Financial Risk Management (continued)

Impact of hedging activities

a) Disclosure of effects of hedge accounting on financial position:

As at March 31, 2018 *(₹ cr)*

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price | interest rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US$								
Foreign exchange risk								
Foreign exchange forward contracts	6.01	–	0.07	–	1-12	66.18	0.07	(0.07)
Currency range options	–	24.22	–	(0.02)	1-12	64.90-68.90	(0.02)	0.02

As at March 31, 2017 *(₹ cr)*

Type of hedge and risks	Notional value		Carrying amount of hedging instrument		Maturity (months)	Weighted average strike price | interest rate	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
	Assets	Liabilities	Assets	Liabilities				
Cash flow hedge								
₹ : US$								
Foreign exchange risk								
Foreign exchange forward contracts	–	58.35	–	(2.43)	1-12	68.06	(2.43)	2.43
Currency range options	49.60	–	1.70	–	1-12	67.98-73.20	1.70	(1.70)

b) Disclosure of effects of hedge accounting on financial performance

As at March 31, 2018 *(₹ cr)*

Type of hedge	Change in the value of the hedging instrument recognised in Other Comprehensive Income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
Foreign exchange risk	0.05	–	(0.73)	Revenue and inventories

Note 27.8 Financial Risk Management (continued)

As at March 31, 2017 *(₹ cr)*

Type of hedge	Change in the value of the hedging instrument recognised in Other Comprehensive Income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Financial Statement line item affected
Cash flow hedge				
Foreign exchange risk	(0.73)	–	(0.89)	Revenue and inventories

Movements in cash flow hedging reserve

(₹ cr)

Risk category	Foreign currency risk	
Derivative instruments	**As at March 31, 2018**	**As at March 31, 2017**
Balance at the beginning of the year	**(0.48)**	**(0.59)**
Gain | (Loss) recognised in Other Comprehensive Income during the year	0.05	(0.73)
Amount reclassified to revenue during the year	0.48	0.59
Tax impact on above	(0.02)	0.25
Balance at the end of the year	**0.03**	**(0.48)**

Note 27.9 Capital Management

The primary objective of Capital Management of the Company is to maximise Shareholder value. The Company monitors capital using Debt-Equity ratio which is total debt divided by total equity.

For the purpose of Capital Management, the Company considers the following components of its Balance Sheet to manage capital:
Total equity includes General reserve, Retained earnings, Share capital and Security premium. Total debt includes current debt plus non-current debt.

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Total debt	0.01	155.23
Total equity	2,197.54	1,920.82
Debt-Equity ratio	–	0.08

Note 27.10 Segment information

In accordance with Ind AS 108 'Operating Segments', segment information has been given in the Consolidated Financial Statements of Atul Ltd, and therefore no separate disclosure on segment information is given in the Standalone Financial Statements.

Note 27.11 Earnings per share

Earnings per share (EPS) - The numerators and denominators used to calculate basic and diluted EPS:

Particulars		2017-18	2016-17
Profit for the year attributable to the equity Shareholders	₹ cr	270.41	285.30
Basic | Weighted average number of equity shares outstanding during the year	Number	2,96,61,733	2,96,61,733
Nominal value of Equity share	₹	10	10
Basic and diluted EPS	₹	91.16	96.18

Note 27.12 Leases

a) Operating lease

The Company has taken various residential and office premises under operating lease or leave and license Agreements. These are generally cancellable, having a term between 11 months and 3 years and have no specific obligation for renewal. Payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 26.

b) Finance lease

i) The Company has given a building on finance lease for a term of 30 years.

Future minimum lease payments receivable under finance leases together with the present value of the net minimum lease payments (MLP) are as under:

(₹ cr)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Minimum lease payments receivable	Present value of MLP receivable	Minimum lease payments receivable	Present value of MLP receivable
Not later than 1 year	–	–	0.20	0.20
Later than 1 year and not later than 5 years	0.40	0.35	0.40	0.34
Later than 5 years	2.00	0.90	2.00	0.84
Total minimum lease payments receivable	**2.40**	**1.25**	**2.60**	**1.38**
Less: unearned finance income	1.15	–	1.22	–
Present value of minimum lease payments receivable	**1.25**	**1.25**	**1.38**	**1.38**
Less: allowance for uncollectible lease payments	–	–	–	–
	1.25	**1.25**	**1.38**	**1.38**

ii) The Company has taken on lease a parcel of land from Gujarat Industrial Development Corporation for a period of 99 years with an option to extend the lease by another 99 years on expiry of lease at a rental that is 100% higher than the current rental. However, the Company has no specific obligation for renewal. The Company has considered that such a lease of land transfers substantially all of the risks and rewards incidental to ownership of land, and has thus accounted for the same as finance lease.

Note 27.13 Loans

Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to the SEBI (Listing obligations and disclosure requirements) Regulations, 2015 read with Section 186 (4) of the Companies Act, 2013.

Particulars	Purpose	Amount outstanding as at		Maximum balance during the year	
		March 31, 2018	March 31, 2017	2017-18	2016-17
i) Subsidiary companies:					
Atul Bioscience Ltd	Seed funding support as promoters	–	4.30	4.30	4.30
Amal Ltd*	Interest free loan, pursuant to Board for Industrial and Financial Reconstruction order	7.07	7.89	7.89	9.37

* At amortised cost

Notes:

a) Loans given to employees as per the policy of the Company are not considered.

b) The loanees did not hold any shares in the Share capital of the Company.

Note 27.14 Disclosure requirement under MSMED Act, 2006

The Company has certain dues to suppliers (trade and capital) registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

(₹ cr)

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	4.06	3.30
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.02	0.02
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	1.14	2.51
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.02	0.01
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	–	–
Further interest remaining due and payable for earlier years	–	–

Note 27.15 Expenditure on Corporate Social Responsibility initiatives

a) Gross amount required to be spent by the Company during the year is ₹ 7.39 cr

b) Amount spent during the year on:

(₹ cr)

Particulars	Paid	Payable	Total
i) Construction | acquisition of any asset	–	–	–
ii) On purposes other than (i) above	7.39	–	7.39

Note 27.16 Rounding off

Figures less than ₹ 50,000 have been shown at actual in brackets.

Note 27.17 Offsetting financial assets and liabilities

The below Note presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar Agreements, but not offset, as at March 31, 2018 and March 31, 2017.

a) Collateral against borrowings

The Company has hypothecated | mortgaged financial instruments as collateral against a number of its borrowings. Refer to Note 15 for further information on financial and non-financial collateral hypothecated | mortgaged as security against borrowings.

b) Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing | receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Company does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Balance Sheet.

Note 27.18 Events occurring after the reporting period

The proposed dividend on equity shares at ₹ 12.00 per share is recommended by the Board which is subject to the approval of Shareholders in the ensuing Annual General Meeting.

Note 27.19 Authorisation for issue of the Financial Statements

The Financial Statements were authorised for issue by the Board on April 27, 2018.

In terms of our report attached			For and on behalf of the Board of Directors
For Deloitte Haskins & Sells LLP Chartered Accountants			
Samir R. Shah **Partner**	T R Gopi Kannan **Whole-time Director and CFO**	R A Shah S S Baijal B S Mehta H S Shah	S S Lalbhai **Chairman and Managing Director**
	L P Patni **Company Secretary**	S M Datta V S Rangan M M Chitale	S A Lalbhai **Managing Director**
Mumbai April 27, 2018	B N Mohanan **Whole-time Director and President - U&S**	S A Panse B R Arora **Directors**	Mumbai April 27, 2018